

Message Text

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ACTION IO-10

INFO OCT-01 EA-07 NEA-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 /108 W

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R 210606Z AUG 75

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 2235

INFO AMEMBASSY NEW DELHI

AMEMBASSY VIENTIANE

AMEMBASSY MANILA

AMEMBASSY COLOMBO

AMEMBASSY ISLAMABAD

AMEMBASSY DACCA

AMEMBASSY BANGKOK

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E.O. 11652: N/A

TAGS: ETRD KS

SUBJECT: ROKG VIEWS ON ESCAP LDC TRADE ACCORD

REF: (A) STATE 191251; (B) BANGKOK 16969; (C) MANILA 11274

SUMMARY: ROKG ANTICIPATES LITTLE, IF ANY, IMPACT ON
TRADE AS RESULT TARIFF CONCESSIONS OFFERED IN RECENT
ESCAP LDC TRADE ACCORD. ROKG PARTICIPATION APPEARS TO BE
PRINCIPALLY MOTIVATED BY DESIRE DEMONSTRATE WILLINGNESS
ENGAGE IN REGIONAL AND LDC ENDEAVORS. END SUMMARY.

1. REGARDING TRADE ACCORD BETWEEN ESCAP LDC'S

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INITIALED IN BANGKOK ON JULY 31, 1975 AS DESCRIBED IN REFS

(A), (B), AND (C), EMBASSY HAS DISCUSSED KOREAN VIEWS ON ACCORD WITH CHUN, SUN KYU, CHIEF, ECONOMIC ORGANIZATIONS DIVISION, MINISTRY OF FOREIGN AFFAIRS (MOFA). CHUN'S DEPUTY, CHOI, DAE WHA, WAS MEMBER OF KOREAN DELEGATION TO BANGKOK MEETING.

2. AS DESCRIBED BY CHUN, NEGOTIATIONS DATE BACK TO 1972 AND ORIGINALLY TOOK FORM OF BILATERAL NEGOTIATIONS ON RECIPROCAL TARIFF CONCESSIONS BETWEEN VARIOUS PARTICIPATING LDC'S. UNDER MULTILATERAL AGREEMENT CONCLUDED, CONCESSIONS OFFERED IN BILATERAL NEGOTIATIONS WILL BE EXTENDED TO ALL SIGNATORY NBUNTIES. CONCESSIONS TAKE EFFECT BETWEEN RATIFYING PARTIES UPON DEPOSIT MINIMUM OF THREE RATIFICATIONS. CHUN EXPECTS KOREA TO DEPOSIT RATIFICATION BY JANUARY 1976. REPORTS OF 160 COMMODITIES INVOLVED (WHICH KOREA CLAIMS IS ACTUALLY 158 BY ITS COUNT) REFER TO COMPOSITE TOTAL OF COMMODITIES ON WHICH COUNTRIES ARE INDIVIDUALLY EXTENDING CONCESSIONS. KOREA, FOR EXAMPLE, IS EXTENDING CONCESSIONS ON 23 ITEMS.

3. CHUN WAS UNWILLING PROVIDE EMBASSY COPY OF AGREEMENT OR LIST OF COMMODITIES INVOLVED AT THIS TIME, SAYING IT WOULD BE MADE PUBLIC LATER THIS MONTH. HOWEVER, AT EMBASSY REQUEST, HE DID SELECT RANDOM EXAMPLES FROM AMONG LIST OF ITEMS ON WHICH KOREA WILL EXTEND CONCESSIONS AS FOLLOWS: COCONUTS; TEA; COCOA POWDER; UNMANUFACTURED TOBACCO; RUBBER TIRES AND TUBES, EXCEPT

FOR TRACTORS AND AIRCRAFT; AND OTHER WOVEN FABRICS OF COTTON, N.E.S. HE DID NOT INDICATE SPECIFIC TARIFF CONCESSIONS ON THESE ITEMS, BUT DID CONFIRM THAT OVERALL CONCESSIONS IN AGREEMENT RANGE FROM REDUCTIONS OF 10 PERCENT TO 80 PERCENT AND AVERAGE ABOUT 30 PERCENT.

4. IN CHUN'S OPINION, SIGNIFICANCE OF THESE CONCESSIONS IN TERMS OF IMPACT ON ACTUAL TRADE WILL BE MINIMAL AT BEST. WITH REGARD ITEMS ON WHICH KOREA OFFERING CONCESSIONS, HE FRANKLY CONCEDED THAT KOREA ANTICIPATES LITTLE IMPACT ON IMPORTS FROM PARTICIPATING NATIONS EITHER BY REASON OF EXISTENCE KOREA'S NON-TARIFF BARRIERS ON THESE ITEMS OR FACT THAT THEY ARE ITEMS IN WHICH KOREA IS HIGHLY COMPETITIVE IN WORLD MARKETS. HE ASSUMED SAME WAS TRUE OF ITEMS ON WHICH OTHERS EXTENDING CONCESSIONS. IN RESPONSE EMBASSY'S QUERY ON PROPOSED NOVEMBER MEETING TO LIMITED OFFICIAL USE

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DISCUSS NON-TARIFF BARRIERS, CHUN CONFIRMED PARTICIPATING NATIONS HAD AGREED TO CONDUCT NEGOTIATIONS WITH RESPECT TO NON-TARIFF BARRIERS ON ITEMS ON WHICH TARIFF CONCESSIONS EXTENDED, BUT SAID MOFA WAS NOT AWARE THAT TIMING OF MEETING HAD BEEN SETTLED. MOREOVER, HE DOUBTED THERE WOULD BE ANY PROGRESS IN THIS AREA BEYOND POSSIBLY AGREEING NOT TO INTRODUCE ANY NEW NON-TARIFF BARRIERS OR INTENSIFY EXISTING BARRIERS ON THESE ITEMS.

5. IN DISCUSSING BACKGROUND TO ACCORD, CHUN POINTED OUT THAT WITH REGIONAL GROUPINGS CURRENTLY IN VOGUE, THERE IS CERTAIN SENTIMENT AMONG ASIAN NATIONS TO FOLLOW SUIT. WHILE HOLDING LITTLE HOPE THAT MEANINGFUL RESULTS WILL BE ACHIEVED, CHUN EXPLAINED THAT KOREA, AS A LEADING LDC IN AREA, FEELS OBLIGED TO PARTICIPATE IN SUCH EFFORTS.

6. COMMENT: PARTIAL EMBASSY ANALYSIS USING ITEMS CHUN SELECTED AT RANDOM FROM AMONG THOSE ON WHICH KOREA IS EXTENDING CONCESSIONS LENDS CREDENCE TO CHUN'S COMMENTS THAT CONCESSIONS ARE NOT LIKELY TO HAVE MUCH IMPACT ON IMPORTS. IMPORTS OF TWO ITEMS, COCONUTS AND WOVEN COTTON FABRIC, N.E.S. ARE BANNED EXCEPT FOR RAW MATERIALS FOR EXPORT PRODUCTION, ON WHICH DUTIES ARE EITHER EXEMPTED OR REFUNDED. IMPORTS OF OTHER FIVE ITEMS REQUIRE PRIOR APPROVAL OF GOVERNMENT AGENCIES, EXCEPT FOR TUBELESS, SELF-SEALING TIRES AND CERTAIN TIRES OF SPECIAL SIZES. ONLY ITEMS FOR WHICH THERE WERE SIGNIFICANT 1974 IMPORTS (ALL SOURCES) ARE WOVEN COTTON FABRICS (DOLS 19 MILLION, PRESUMABLY ALL FOR EXPORT PRODUCTION AND PROBABLY SPECIAL ITEMS NOT PRODUCED DOMESTICALLY) AND TOBACCO (DOLS 10 MILLION -- NORMALLY SPECIAL TOBACCOS IMPORTED BY STATE MONOPOLY FOR BLENDING). IMPORTS OF OTHER ITEMS RANGED FROM DOLS 2,800 FOR COCONUTS TO DOLS 133,000 FOR COCOA POWDER. ONLY 1974 IMPORTS FROM EIGHT PARTICIPATING COUNTRIES OF ANY OF THESE ITEMS WERE DOLS 360,000 OF TOBACCO FROM THAILAND AND DOLS 26,000 OF WOVEN COTTON FABRICS FROM INDIA. CURRENT TARIFFS FOR ALL 7 ITEMS RANGE FROM 60 TO 100 PERCENT. RUBBER TIRES AND TUBES AND WOVEN COTTON FABRICS ARE IMPORTANT KOREAN EXPORTS.

7. AS MOST COMPETITIVE TRADING NATION AMONG EIGHT COUNTRIES CURRENTLY INVOLVED, KOREA WOULD HAVE MOST TO GAIN FROM GENUINE TARIFF AND NON-TARIFF CONCESSIONS WITHIN GROUP. HOWEVER, ROKG APPARENTLY HARBORS FEW ILLUSIONS THAT ANY LIMITED OFFICIAL USE

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TRUE CONCESSIONS WILL BE FORTHCOMING. NOT HAVING SEEN ACTUAL ACCORD NOR COMPLETE LIST, EMBASSY WILL RESERVE FINAL JUDGMENT FOR TIME BEING; BUT PRELIMINARY ASSESSMENT SUGGESTS PRINCIPAL MOTIVATION FOR ROKG PARTICIPATION TO THIS POINT IS THAT ROKG SEES ACCORD AS INNOCUOUS MEANS OF DEMONSTRATING WILLINGNESS TO ENGAGE IN REGIONAL AND LDC ENDEAVORS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LESS DEVELOPED COUNTRIES, TARIFF AGREEMENTS, GOVERNMENT REACTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975SEOUL06411
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750289-0248
From: SEOUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750831/aaaabaos.tel
Line Count: 161
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION IO
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 191251, 75 BANGKOK 16969, 75 MANILA 11274
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 23 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 JUN 2003 by CunninFX>; APPROVED <06 NOV 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ROKG VIEWS ON ESCAP LDC TRADE ACCORD
TAGS: ETRD, KS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006